

FORM 3

APPLICATION FOR PERMIT TO DRILL

6. SURFACE:
State

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:
N/A

8. UNIT or CA AGREEMENT NAME:
N/A

9. WELL NAME and NUMBER:
State 10-32-13-22

10. FIELD AND POOL, OR WILDCAT:
Seep Ridge

11. QTR/QTR, SECTION, TOWNSHIP, RANGE,
MERIDIAN:
NWSE 32 13S 22E S

12. COUNTY:	13. STATE:
Uintah	UTAH

17. NUMBER OF ACRES ASSIGNED TO THIS WELL:

20. BOND DESCRIPTION:
N2315

23. ESTIMATED DURATION:
28 Days

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/sk	11.6 ppg
			Premium	200 sacks	1.17 cu ft/sk	15.8 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,650	Super flush/water			9.2/8.33 ppg
			50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk	13.5 ppg
			Hi Fill Mod	415 sacks	3.85 cu ft/sk	11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk	15.8 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☒ COMPLETE DRILLING PLAN

☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

TITLE Agent for Summit Operating, LLC

DATE 1/31/06

(This space for State use only)

API NUMBER ASSIGNED:

APPROVAL:

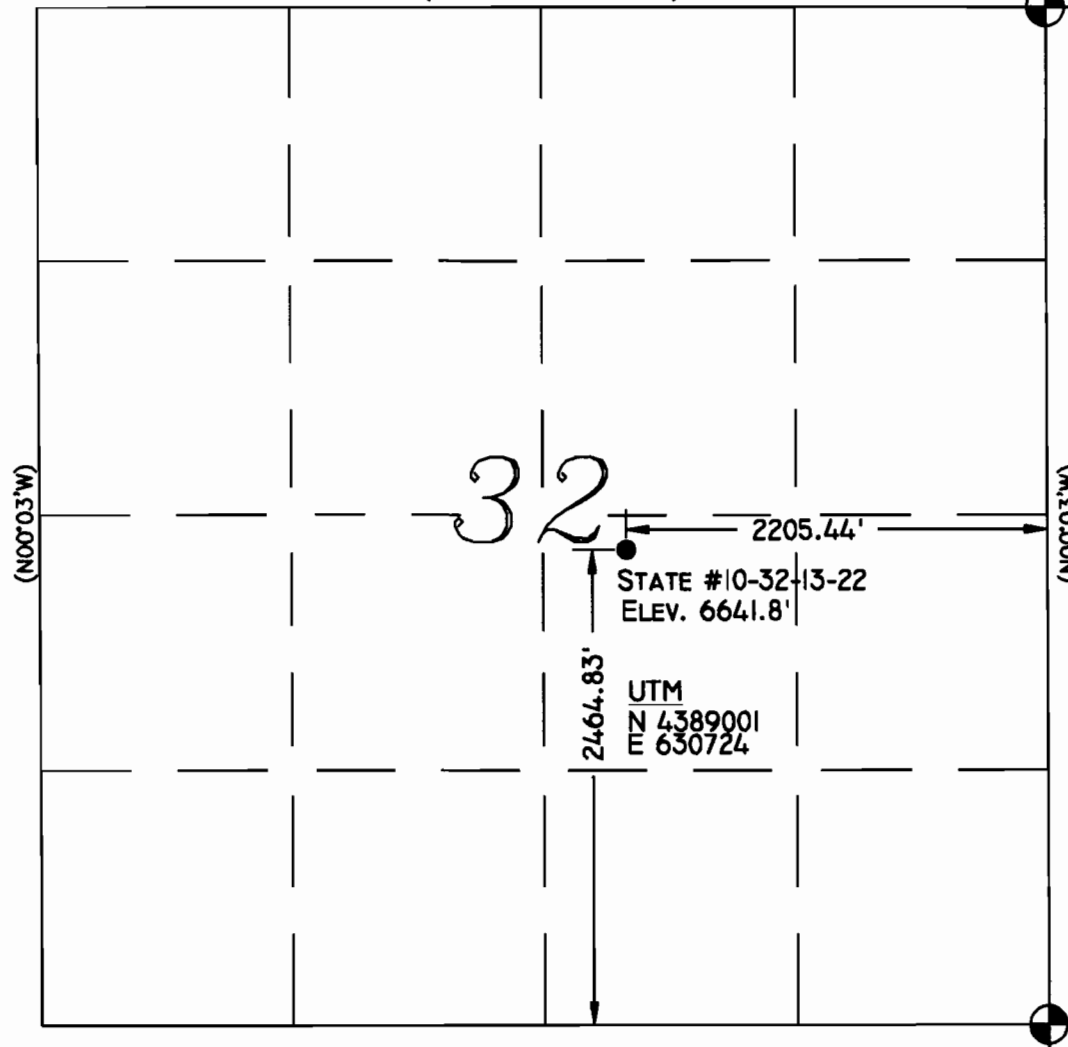
RECEIVED
FEB 09 2006

DIV. OF OIL, GAS & MINING

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Range 22 East

(S89°59'W - 5281.32')



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

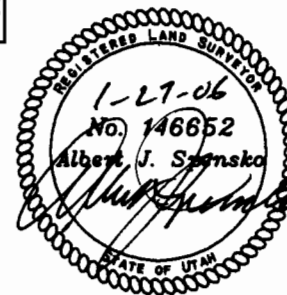
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NW1/4 SE1/4 of Section 32, T13S, R22E, S.L.B.&M., being 2464.83' North and 2205.44' West from the Southeast Corner of Section 32, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84628
Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talon@trv.net

SUMMIT OPERATING

State #10-32-13-22
Section 32, T13S, R22E, S.L.B.&M.
Utah County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date 1/26/06
	Scale 1" = 1000'
Sheet 1 of 4	Job No. 2083

Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'33.711" N
109°28'35.529" W

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

TALON RESOURCES INC

January 31, 2006

Ms. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request for Exception to State Spacing Rule, (Rule R649-3-3)—Summit Operating, LLC 10-32-13-22, Uintah County, Utah: NW/4 SE/4, 2465' FSL, 2205' FEL, Section 32, T13S, R22E, SLB&M.

Dear Ms. Whitney:

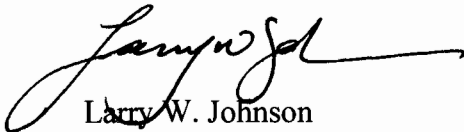
On behalf of Summit Operating, LLC, Talon Resources, Inc. respectfully submits the following request for exception to spacing and information to supplement the previously submitted APD the above referenced well.

A request for exception to spacing is hereby requested based on topography and existing pipelines within the spacing window.

Summit Operating, LLC. is the only owner and operator within 460' of the proposed well location.

Thank you for your timely consideration of this request. Please feel free to contact myself or Mr. David Allin at 970-254-3114 if you have any questions or need additional information.

Sincerely,



Larry W. Johnson
Talon Resources, Inc.

cc: Mr. Ed Bonner, SITLA
Mr. Floyd Bartlett, DOGM
Mr David Lillywhite, Summit Operating
Mr. David Allin, Consultant

RECEIVED

FEB 09 2006

DIV. OF OIL, GAS & MINING

TALON RESOURCES INC

January 31, 2006

Mrs. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—
State 10-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M
State 2-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M
State 8-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M

Dear Mrs. Whitney:

On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced wells. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats and layouts of the proposed well site;

Exhibit "B" - Proposed location maps with utility corridors;

Exhibit "C" - Drilling site layout;

Exhibit "D" - Drilling Program;

Exhibit "E" - Multi Point Surface Use Plan;

Exhibit "F" - Typical road cross-section;

Exhibit "G" - Typical BOP diagram & wellhead manifold diagram.

Please accept this letter as Summit's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. David Allin at 970-254-3114 if you have any questions or need additional information.

Sincerely,


Larry W. Johnson—Agent for Summit Operating
Talon Resources, Inc.

cc: Mr. Floyd Bartlett, DOGM
Mr. Ed Bonner, SITLA
Mr. David Lillywhite, Summit Operating
Mr. David Allin, Consultant

RECEIVED

FEB 09 2006

DIV. OF OIL, GAS & MINING

P.O. # 1230
(435) 687-5310

195 N. 100 West
(435) 687-5311

Huntington, Utah 84528
talon@etv.net

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Summit Operating, LLC
State 10-32-13-22
NW/4 SE/4, Sec. 32, T13S, R22E, SLB & M
2465' FSL, 2205' FEL
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1824'
Mesaverde Group	3624'
Castlegate	5504'
Mancos Shale	5844'
Dakota Silt	9576'
Dakota Marker	9626'
Morrison	9881'
Summerville/Curtis	10361'
Entrada Sandstone	10426'
Carmel	10586'
Navajo Sandstone	10656'
Kayenta	10776'
Wingate Sandstone	10911'
Triassic Chinle	11311'
Triassic Shinarump Conglomerate	11481'
Triassic Moenkopi	11516'

3. Projected Gas & Water Zones

No Groundwater is anticipated to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

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All indications of usable water will be reported.

Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 LT&C	New
7 -7/8"	11,750'	5-1/2"	17# N-80 LT&C	New

Cement Program

Surface Casing:

Lead: 350 sacks HHF
Weight: 11.6 # / gal
Yield: 3.2 cu.ft / sk

Tail: 200 sacks Premium
Weight: 15.8 # / gal
Yield: 1.17 cu.ft / sk

Production Casing: Two stage with multiple stage cementer placed at 9,400'

Stage 1: Lead: Super flush / water *Stage 2:* Lead: 415 sacks Hi Fill Mod
Weight: 9.2 # / gal / 8.33 #/gal Weight: 11.0 #/gal
Yield: 3.85 cu.ft / sk

Tail: 450 sacks 50./50 Poz Premium AG Tail: 50 sacks Premium AG
Weight: 13.5 #/gal Weight: 15.8 #/gal
Yield: 1.49 cu.ft/sk Yield: 1.15 cu.ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;

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- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. An 11" 5,000 psi Double gate Hydraulic BOP with one (1) blind ram and one (1) pipe ram and Annular Preventer; equipped with a 3,000 psi automatic choke manifold. The BOP will be tested and charted using a BOP tester and test plug to 5,000 psi for 10 minutes. The Annular Preventer will be tested to 2,500 psi for 10 minutes. All text will be recorded in the Driller's log book. Physical operation of the BOP will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

Surface hole will be drilled with air/mist/foam
Long string hole will be drilled with KCL/gel/chem. mud

7. The Testing, Logging and Coring Programs are as followed

Testing –

DST's are not planned

Logging –

End of Surface casing - TD Gamma Ray, Density-Neutron Porosity,
Induction, Caliper, Sonic

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 3,800 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

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8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: March 1, 2006

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Summit Operating, LLC
State 10-32-13-22
NW/4 SE/4, Sec. 32, T13S, R22E, SLB & M
2465' FSL, 2205' FEL
Uintah County, Utah

1. Existing Roads

- a. The proposed access road will be Constructed consistent with the State of Utah and Summit Operating, LLC, and will encroach on an existing Uintah County Road.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 2,000' of new access will be required (See Exhibit "B") Access is determined by acquired Right of way by the surface owner.

- a. Maximum Width: 24'
- b. Maximum grade: 10 %
- c. Turnouts: None
- d. Drainage design: 3 – 18" culverts may be required along the new portion of the road. Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.
- g. Existing trees will be left in place where practical to provide screening and buffer areas.

3. Location of Existing Wells

- a. See Exhibit "B", Drawing L-1. There are no existing well locations within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from Bitter Creek, Permit #T75377
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. A reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. Well-site Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 4 miles West. Nearest live water is in Willow Creek, 4 miles West.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 3:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

David Lillywhite
Summit Operating, LLC.
2064 Prospector Avenue
Suite 102
Park City, Utah 84060
1-435-940-9001

Permitting Consultant

Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor

Stubbs & Stubbs Oilfield Construction
437 South 800 East
Vernal, Utah 84078
1-435-789-8874

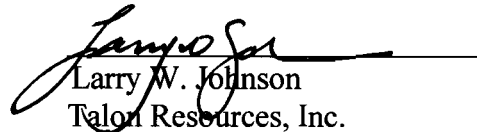
Mail Approved A.P.D. To:

Company Representative

14. **Certification**

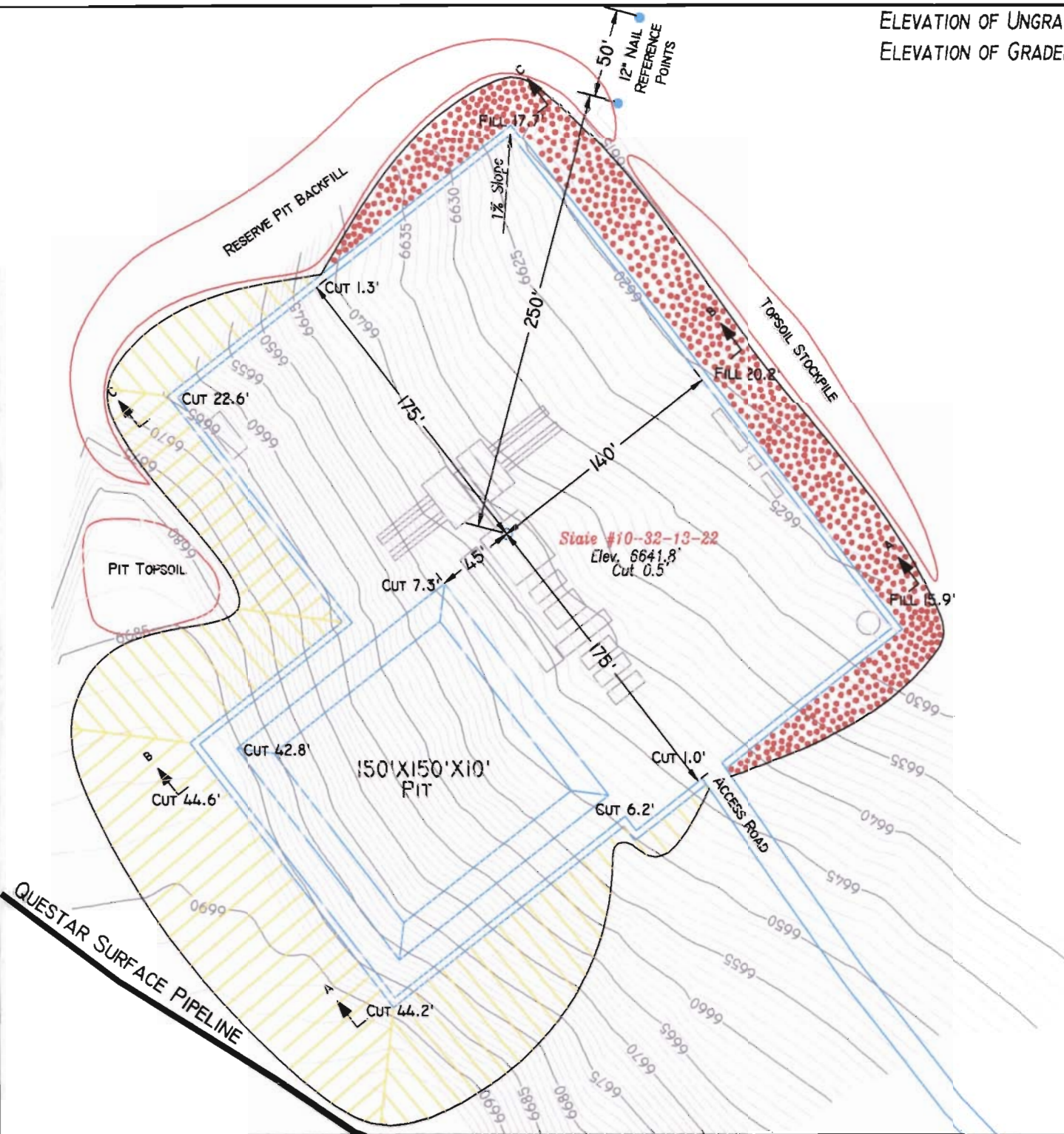
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Summit Operating, LLC. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

1/31/2016
Date


Larry W. Johnson
Talon Resources, Inc.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6641.8'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6641.3'



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@netv.net

SUMMIT OPERATING

LOCATION LAYOUT

Section 32, T13S, R22E, S.L.B.&M.

State #10-32-13-22

Drawn By:
N. BUTKOVICH

Checked By:
L.W.J.

Drawing No.

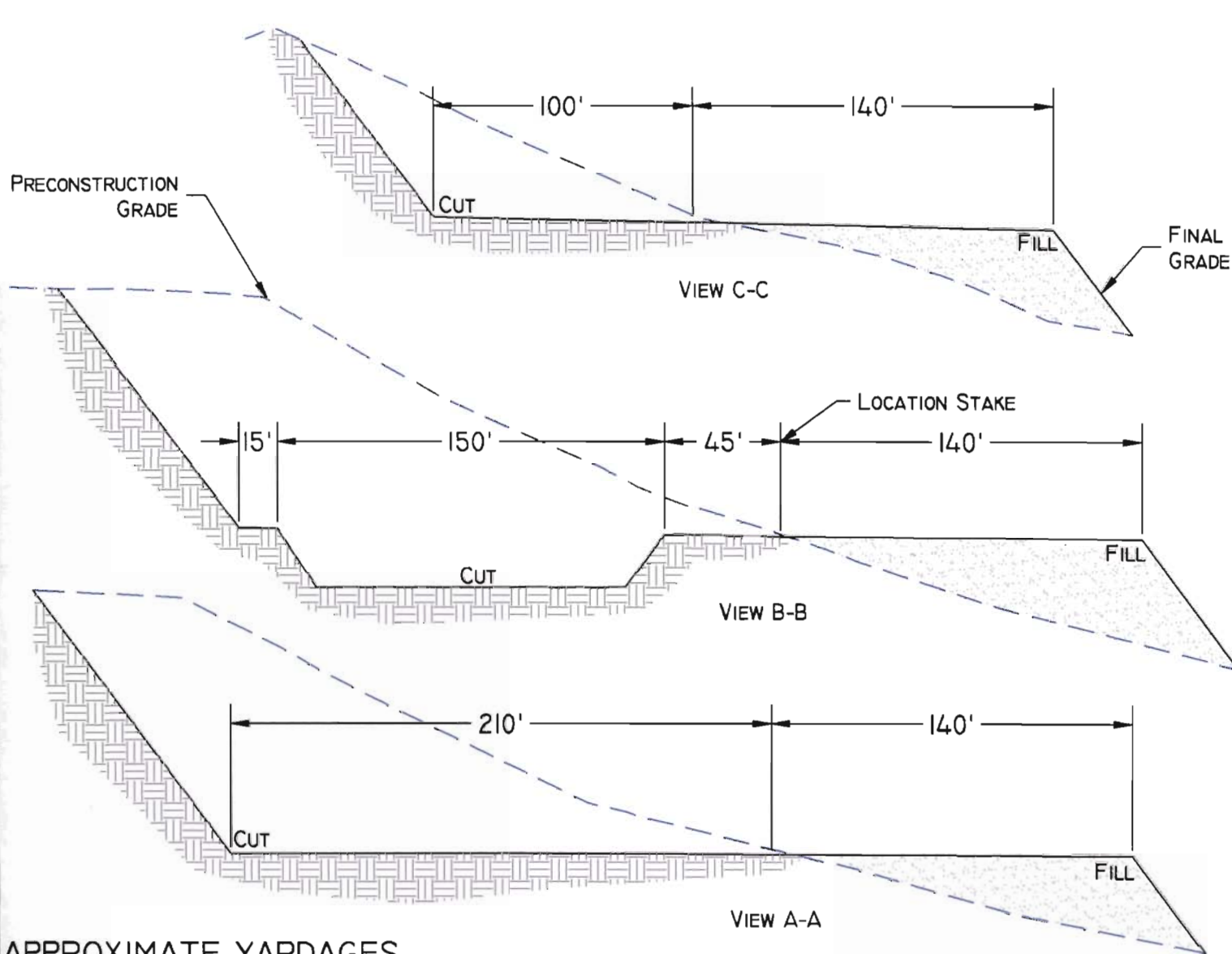
A-2

Date:
1/26/06

Scale:
1" = 80'

Sheet 2 of 4

Job No.
2083



1"=10'
X-Section
Scale
1"=20'

SLOPE = 1 1/2 : 1



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SUMMIT OPERATING

TYPICAL CROSS SECTION
Section 32, T13S, R22E, S.L.B.&M.
State #10-32-13-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 1/26/06
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 2083

APPROXIMATE YARDAGES

CUT

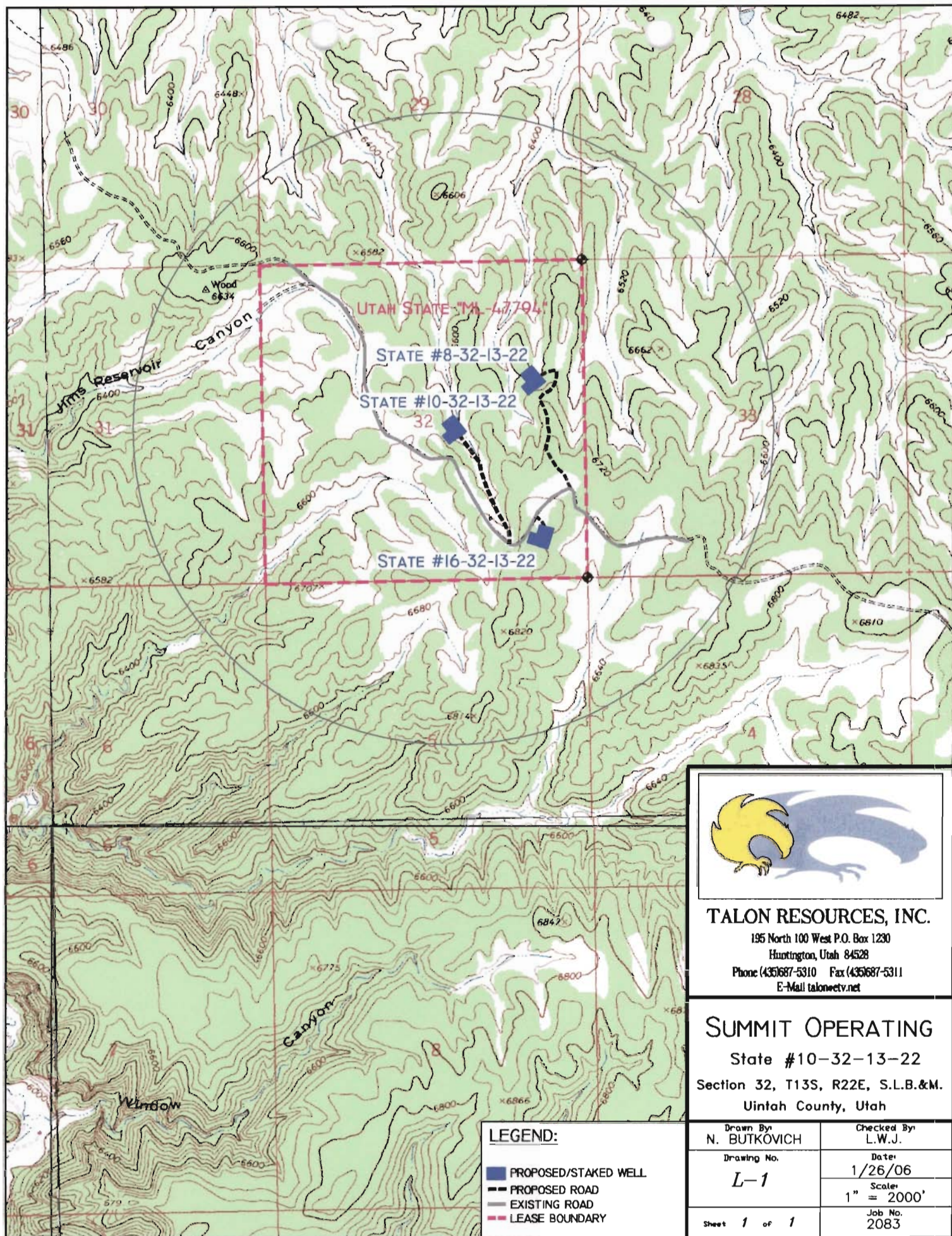
(6") TOPSOIL STRIPPING = 1,915 Cu. Yds.

REMAINING LOCATION = 66,875 Cu. Yds.

(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 73,655 Cu. Yds.

TOTAL FILL = 21,300 Cu. Yds.



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E-Mail taloneetv.net

SUMMIT OPERATING

State #10-32-13-22
Section 32, T13S, R22E, S.L.B.&M.
Uintah County, Utah

LEGEND:

- PROPOSED/STAKED WELL
- PROPOSED ROAD
- EXISTING ROAD
- LEASE BOUNDARY

Drawn By
N. BUTKOVICH

Drawing No.
L-1

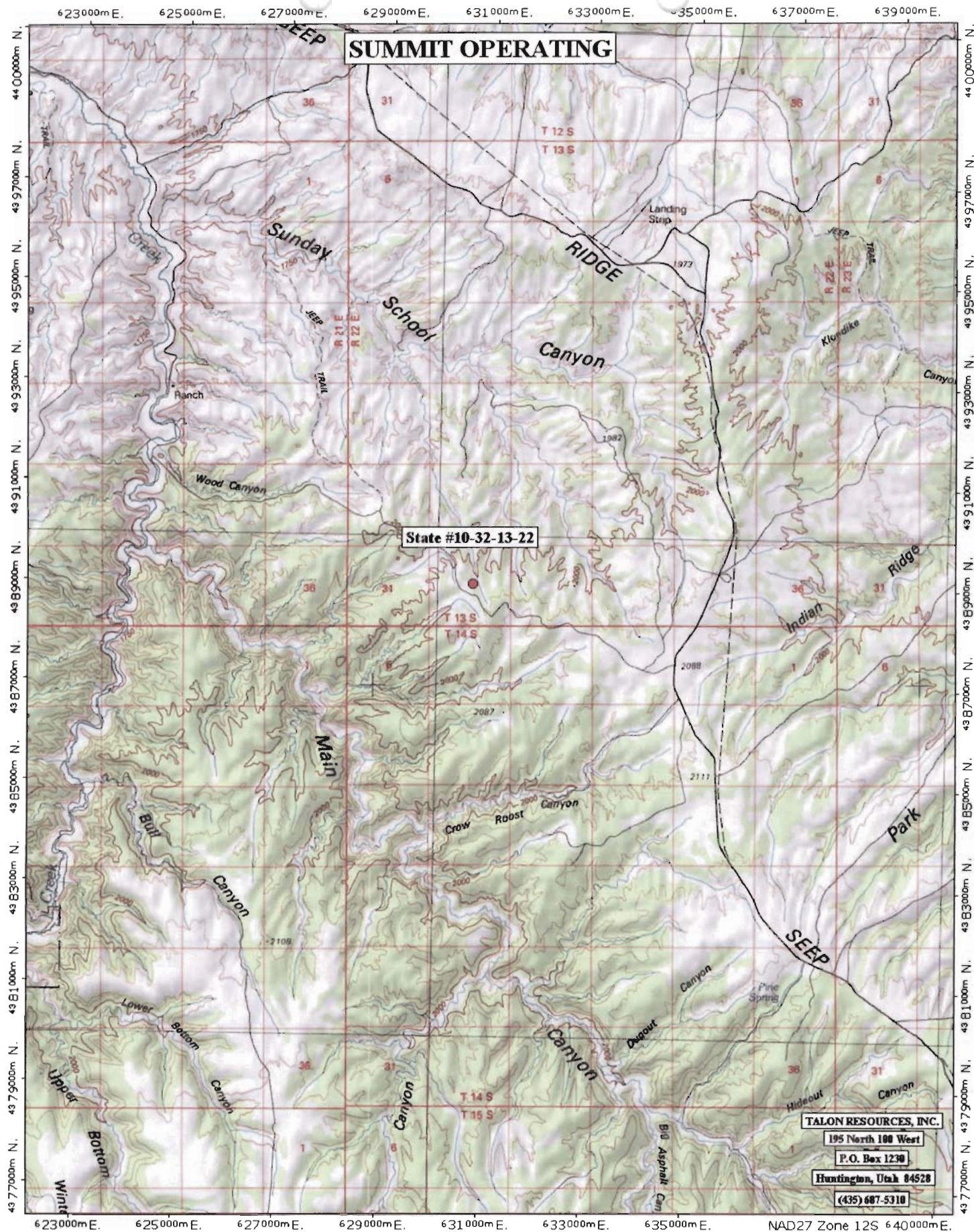
Sheet 1 of 1

Checked By
L.W.J.

Date:
1/26/06

Scale:
1" = 2000'

Job No.
2083

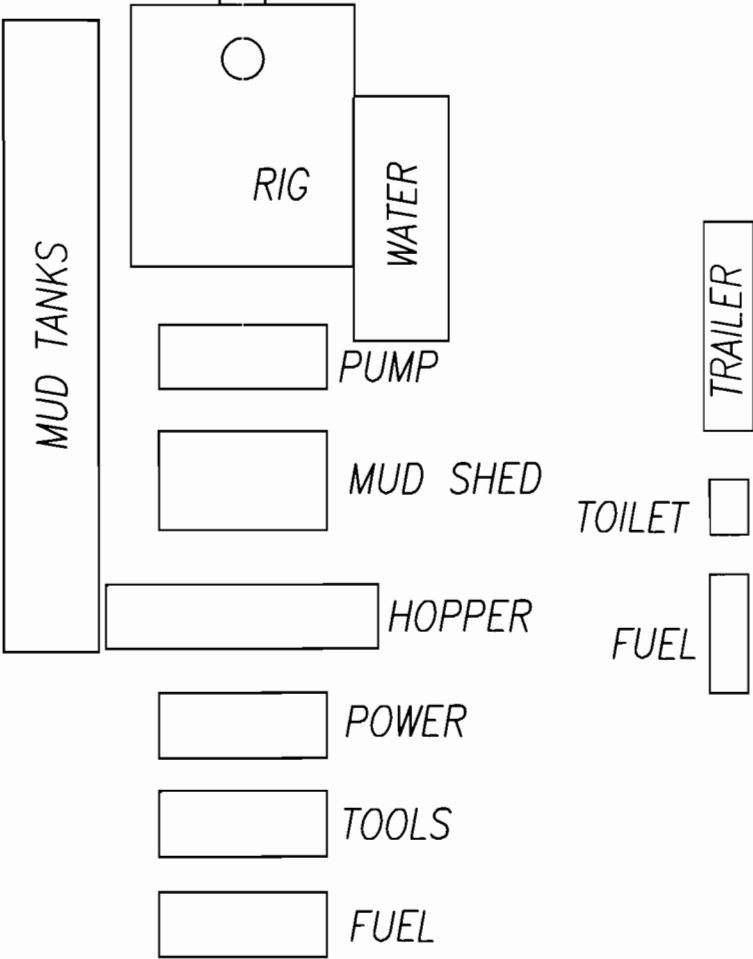
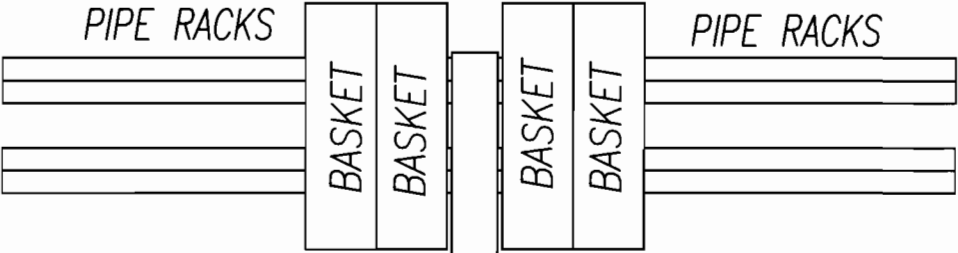
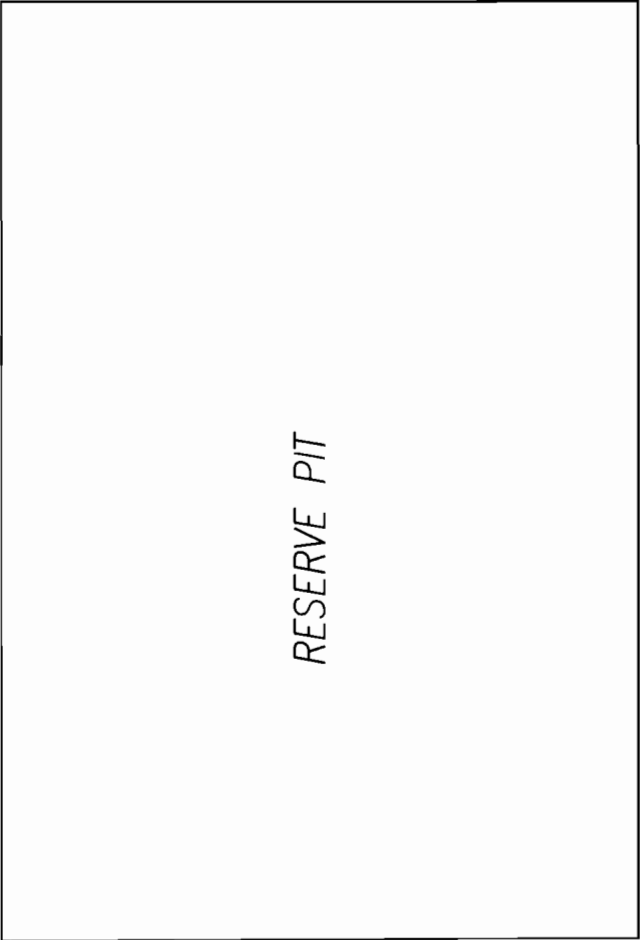


TN MIN
12°

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Summit Operating

DATA



RIG & EQUIPMENT LAYOUT
(Not to Scale)

STORAGE TANK

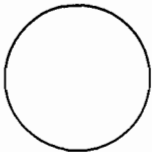


EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION

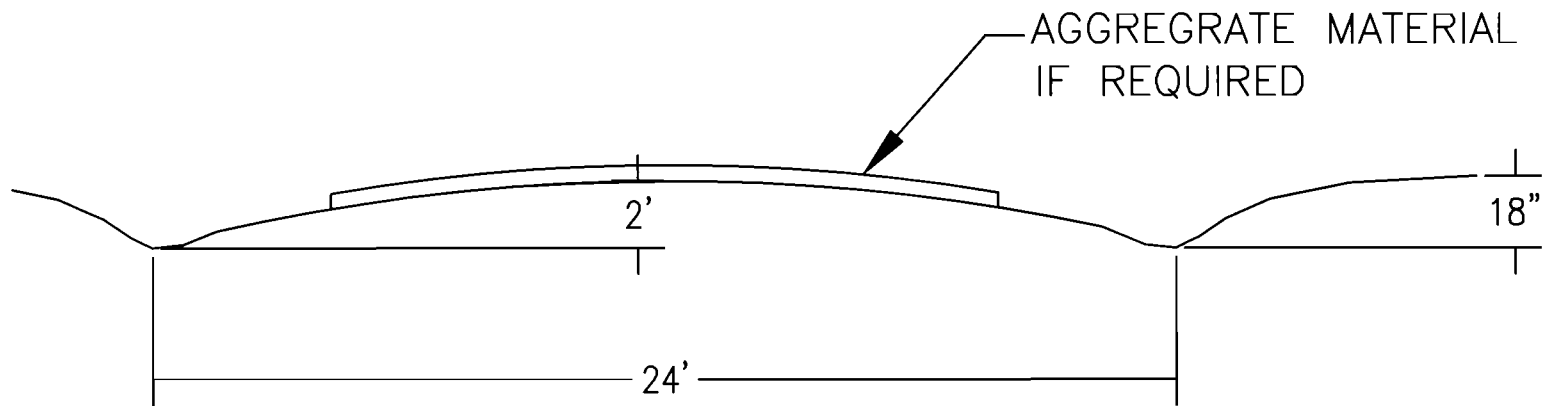
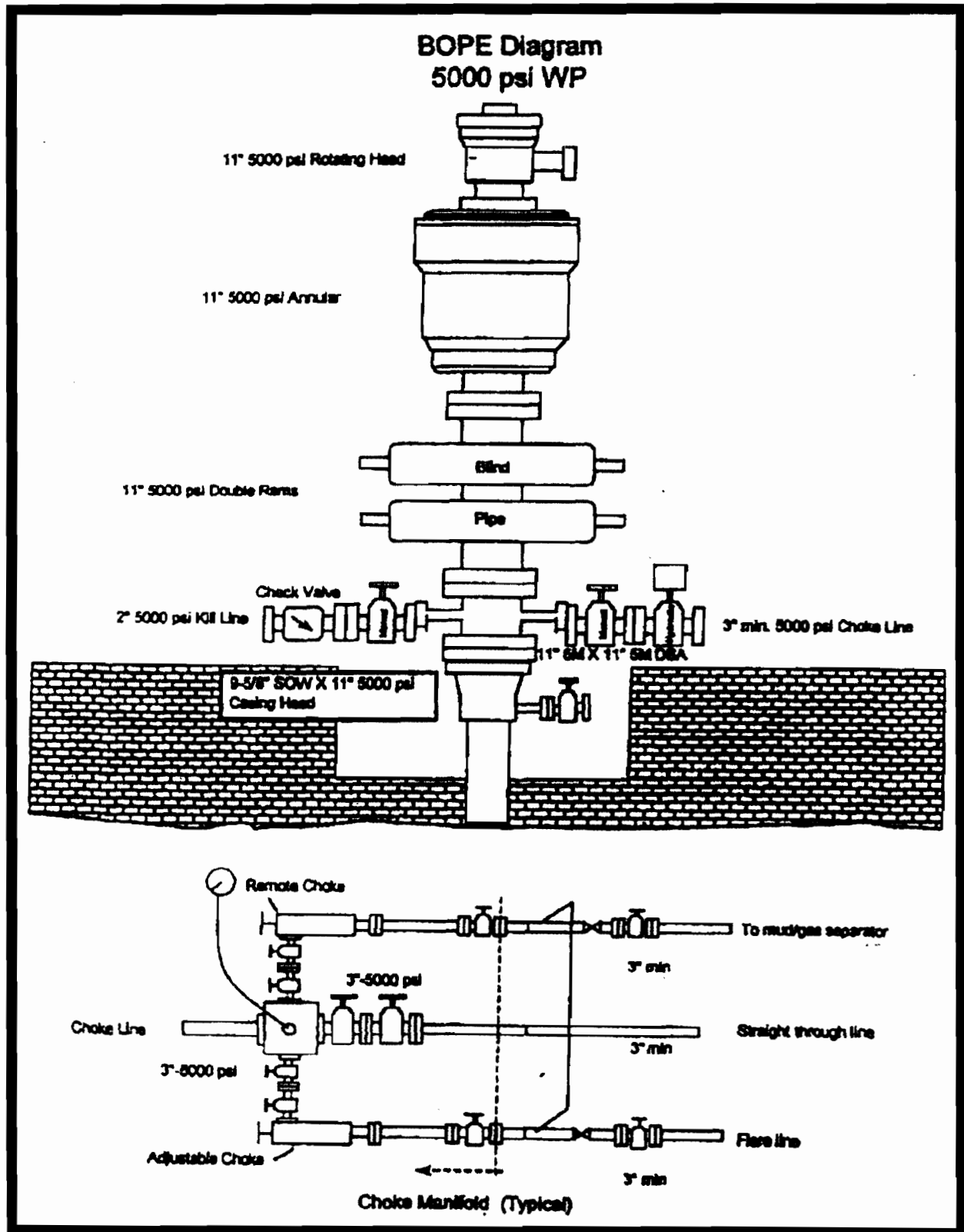


EXHIBIT "F"

Summit Operating

Summit Operating



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/09/2006

API NO. ASSIGNED: 43-047-37713

WELL NAME: STATE 10-32-13-22

OPERATOR: SUMMIT OPERATING LLC (N2315)

CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

NWSE 32 130S 220E

SURFACE: 2465 FSL 2205 FEL

BOTTOM: 2465 FSL 2205 FEL

COUNTY: UINTAH

LATITUDE: 39.64267 LONGITUDE: -109.4765

UTM SURF EASTINGS: 630730 NORTHINGS: 4388998

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47794

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNKP

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. ZSB800622)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. T75377)
☒ RDCC Review (Y/N)
(Date: 03/09/2006)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: ___
___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
☒ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS:

Needs Presr (03-01-06)

STIPULATIONS:

1- Spacing Strip
2- STATEMENT OF BASIS

T13S R22E

STATE 8-32-13-22

32 STATE 10-32-13-22

STATE 16-32-13-22

T14S R22E

OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 32 T. 13S R. 22E

FIELD: WILDCAT (001)

COUNTY: Uintah

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
ABANDONED
ACTIVE
COMBINED
INACTIVE
PROPOSED
STORAGE
TERMINATED

Unit Status
EXPLORATORY
GAS STORAGE
NF PP OIL
NF SECONDARY
PENDING
PI OIL
PP GAS
PP GEOTHERML
PP OIL
SECONDARY
TERMINATED

Wells Status
GAS INJECTION
GAS STORAGE
LOCATION ABANDONED
NEW LOCATION
PLUGGED & ABANDONED
PRODUCING GAS
PRODUCING OIL
SHUT-IN GAS
SHUT-IN OIL
TEMP. ABANDONED
TEST WELL
WATER INJECTION
WATER SUPPLY
WATER DISPOSAL
DRILLING



PREPARED BY: DIANA WHITNEY
DATE: 22-FEBRUARY-2006

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 10-32-13-22
API NUMBER: 43-047-37713

LOCATION: 1/4,1/4 NW/SE Sec:32 TWP: 13S RNG: 22 E 2465' FSL 2205' FEL

Geology/Ground Water:

Summit proposes setting 2,000 feet of surface casing cemented to surface. The Base of the moderately saline ground water is estimated to be at a depth of 4,100 feet. A search of Division of Water Rights records indicates that there are no water wells within a 10,000' radius of the center of Section 32. The surface formation at the proposed location is the Green River Formation. The Green River Formation can be a significant aquifer and should be protected. Production casing cement should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters up hole. The proposed casing and cement program should adequately protect useable ground water.

Reviewer: Brad Hill **Date:** 03-07-06

Surface:

At the request of Summit Resources LLC, a pre-site for this well was completed on 3/1/2006. The State of Utah (SITLA) owns both the surface and minerals. Mr. Larry Johnson, of Talon Consulting representing Summit Resources LLC, was contacted by phone on 02/21/2006 and informed of the presite. He suggested the date set. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis and Ed Bonner from SITLA were both contacted by e-mail. Mr. Bonner and Mr. Williams attended.

Mr. Williams stated this area is classified as critical value winter habitat for both deer and elk. On previous presite investigations, he explained how ranges are classified. He recommended to Mr. Johnson, Mr. Bonner and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Bonner a written summary of his observations and a recommended seed mix for re-vegetating the area. I also previously explained to Mr. Johnson that the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

I expressed my concern to both Mr. Bonner and Mr. Johnson regarding the location of the proposed access road. As proposed, the road follows an existing low standard two-track along the west side of the draw. Grade is about 6-8 percent. Although the road is only occasionally used, rutting currently exists. Soils are deep and erosive in the draw. No natural rock or gravel occur. Even after the road is improved (widened), heavy loads to and from the location will cause damage and excessive rutting especially when the road is wet. A more suitable location for the road may be along portions of the ridge top or higher on the side slope where native shale occurs. Less erosion and environmental damage would occur. Mr. Johnson and Mr. Bonner agreed to evaluate a different location and if suitable, re-flag the road.

The location is an exception to the normal spacing so as to avoid an above ground 2 inch gas pipeline and the steeper topography on the hillside.

An excessive amount of excavated material will remain following construction (approximately 52,000 cu.yds.). Care must be exhibited not to deposit this fill across the bottom of the draw and block the drainage.

The area appears to be the best location for drilling a well in the immediate area poses no significant surface problems.

Reviewer: Floyd Bartlett **Date:** 03/03/2006

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils with a felt sub-liner shall be properly installed and maintained in the reserve pit.
2. An archeological survey needs to be completed and submitted to SITLA.

C...-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 10-32-13-22
API NUMBER: 43-047-37713
LEASE: ML-47794 **FIELD/UNIT:** Seep Ridge
LOCATION: 1/4, 1/4 NW/SE **Sec:** 32 **TWP:** 13S **RNG:** 22 E 2465' FSL 2205' FEL
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4, 1/4 LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): 4388998 Y 0630730 X **SURFACE OWNER:** STATE (SITLA)

PARTICIPANTS

Floyd Bartlett and Ted Smith (DOGM), Ed Bonner (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Gary Gerber (Stubbs and Stubbs Construction), Ben Williams (Utah Division of Wildlife Resources)

REGIONAL/SETTING TOPOGRAPHY

Site is in Uintah County, Utah in the head of tributary of Main Canyon of the Willow Creek drainage and approximately 2 ½ miles west of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 44 miles to the north. The Willow Creek drainage lies to the west and the Bitter Creek drainage is to the east. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally southwesterly toward Willow Creek, which contains a perennial stream. All drainages in the immediate area are ephemeral. No seeps or springs are known to exist in the immediate area.

Access to the site from Ouray, UT is following the Seep Ridge Road south approximately 44 miles, then west on the Wood Canyon approximately 2 1/2 miles to an existing 2-track road, which runs north down a draw. A portion of this two-track road will be rerouted higher on the ridge to avoid rutting during wet weather. Length of road to the location is approximately 2000 feet. See Drawing L-1 of the APD).

The well pad location is on the west side of a gentle draw, which extends to the north from the Wood Canyon road. The side hill is moderately steep with the location extending about ½ the distance to the top. It begins in the sagebrush portion of the draw and runs uphill into the steeper Pinion Juniper.

SURFACE USE PLAN

CURRENT SURFACE USE: Summer and winter cattle and wild horse grazing, small and big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 350' x 335' which includes a reserve pit of 150' x 150' x 10' and a 15' wide bench. Approximately 2000 feet of new road will be constructed from the existing Wood Canyon Uintah County road. A pipeline will be laid adjacent to the road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are no existing wells within 1 mile radius. This operator within this radius currently plans two other wells.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. Pipeline will follow access road.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site. The location will have an excess fill of approximately 52,000 cu. yds.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). The well is planned in critical winter deer and elk range as classified by the UDWR. UDWR has expressed concern and sportsmen concerned about the potential impact on big game in the area may also express concern.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Vegetated with a mixed pinion/juniper-sagebrush type consisting of pinion and juniper, big sage, 4-winged saltbrush, winterfat, bud sage, slender wheatgrass, blue gramma and winter fat. Deer, elk, wild horses, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Shaley deep light brown sandy loam. No exposed surface rock except for shale outcrops..

EROSION/SEDIMENTATION/STABILITY: The existing two-track road along the bottom and sideslope of the draw is planned to be improved for the access road. A better route keeping the road on the ridge top or higher on the side slope will be investigated. Improving the existing two-track will still result in rutting and possibly forming an erosion channel when wet weather occurs.

Sedimentation and stability are currently not a not a problem. No significant drainages intersect the proposed location. Location and road construction could cause an increase in erosion. Stability of the location should not be a problem.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' x 150' x 10' deep, located in an area of cut on the southwest corner of the location. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided.

LINER REQUIREMENTS (Site Ranking Form attached): Score of 25, Level I sensitivity. A pit liner with a sub liner is required for the reserve pit.

SURFACE RESTORATION/RECLAMATION PLAN

As per Land Owner Agreement.

SURFACE AGREEMENT:

A surface agreement has been executed and is on file.

ARCULTURAL RESOURCES/ARCHAEOLOGY: An archaeological survey has not yet been completed.

OTHER OBSERVATIONS/COMMENTS

Ben Williams, representing the UDWR, stated this area is classified as critical value winter habitat for both deer and elk. Mr. Williams, on previous presite investigations, has explained how ranges are classified. He recommended to Mr. Johnson, Mr. Bonner and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Bonner a written summary of his observations and a recommended seed mix for re-vegetating the area. I also previously explained to Mr. Johnson that the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

I expressed my concern to both Ed Bonner and Larry Johnson regarding the location of the proposed access road. As proposed, the road follows an existing low standard two-track along the west side of the draw. Grade is about 6-8 percent. Although the road is only occasionally used, rutting currently exists. Soils are deep and erosive in the draw. No natural rock or gravel occur. Even after the road is improved (widened), heavy loads to and from the location will cause damage and excessive rutting especially when the road is wet. A more suitable location may be along portions of the ridge top or higher on the side slope where native shale occur. Less erosion and environmental damage would occur. Mr. Johnson and Mr. Bonner agreed to evaluate a different location and if suitable re-flag the road.

The location is an exception to the normal spacing to avoid an above ground 2 inch gas pipeline and avoid steeper topography on the hillside.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

March 1, 2006; 10:30 AM
DATE/TIME

**Location Ranking Criteria and Ranking Scheme
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>10</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

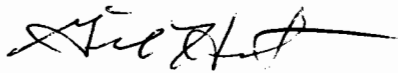
Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level I = 15-19; lining is discretionary.

Sensitivity Level II = below 15; no specific lining is required.

STATE ACTIONS
Resource Development Coordinating Committee
Governor's Office of Planning and Budget
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or March 8, 2006
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Summit Operating LLC proposes to drill the State 10-32-13-22 well (wildcat) on a State lease ML-47794, Uintah County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 2465' FSL 2205' FEL, NW/4 SE/4, Section 32, Township 13 South, Range 22 East, Uintah County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Uintah Basin Association of Governments	
10. For further information, contact: Diana Whitney Phone: (801) 538-5312	11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: February 22, 2006

FORM 3

APPLICATION FOR PERMIT TO DRILL						5. MINERAL LEASE NO: ML-47794	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>						7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>						8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Summit Operating, LLC						9. WELL NAME and NUMBER: State 10-32-13-22	
3. ADDRESS OF OPERATOR: 2064 Prospector Ave 10 ¹ / ₂ CITY Park City STATE UT ZIP 84060					PHONE NUMBER: (435) 940-9001	10. FIELD AND POOL, OR WILDCAT: Seep Ridge	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2465' FSL, 2205' FEL AT PROPOSED PRODUCING ZONE: 2465' FSL, 2205' FEL						11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 32 13S 22E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 44 miles south of Ouray, Utah						12. COUNTY: Uintah	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 2205'						16. NUMBER OF ACRES IN LEASE: 640	
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40							
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) See attached map						19. PROPOSED DEPTH: 11,650	
20. BOND DESCRIPTION: N2315							
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6641.8' GR						22. APPROXIMATE DATE WORK WILL START: 3/1/2006	
23. ESTIMATED DURATION: 28 Days							

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12-3/4"	9-5/8"	J-55 LT&C	36#	2,000	HHF	350 Sacks	3.2 cu ft/sk 11.6 ppg
					Premium	200 sacks	1.17 cu ft/sk 15.8 ppg
7-7/8"	5-1/2"	N-80 LT&C	17#	11,650	Super flush/water		9.2/8.33 ppg
					50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk 13.5 ppg
					Hi Fill Mod	415 sacks	3.85 cu ft/sk 11.0 ppg
					Premium AG	50 sacks	1.15 cu ft/sk 15.8 ppg

25.	ATTACHMENTS
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

(This space for State use only)

APPROVAL:

DIV. OF OIL, GAS & MINING

Range 22 East

(S89°59'W - 5281.32')

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NW1/4 SE1/4 of Section 32, T13S, R22E, S.L.B.&M., being 2464.83' North and 2205.44' West from the Southeast Corner of Section 32, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84028
Phone (435)667-5310 Fax (435)667-5311
E-Mail talonres@vnet.net

SUMMIT OPERATING

State #10-32-13-22
Section 32, T13S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date: 1/26/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2083

Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

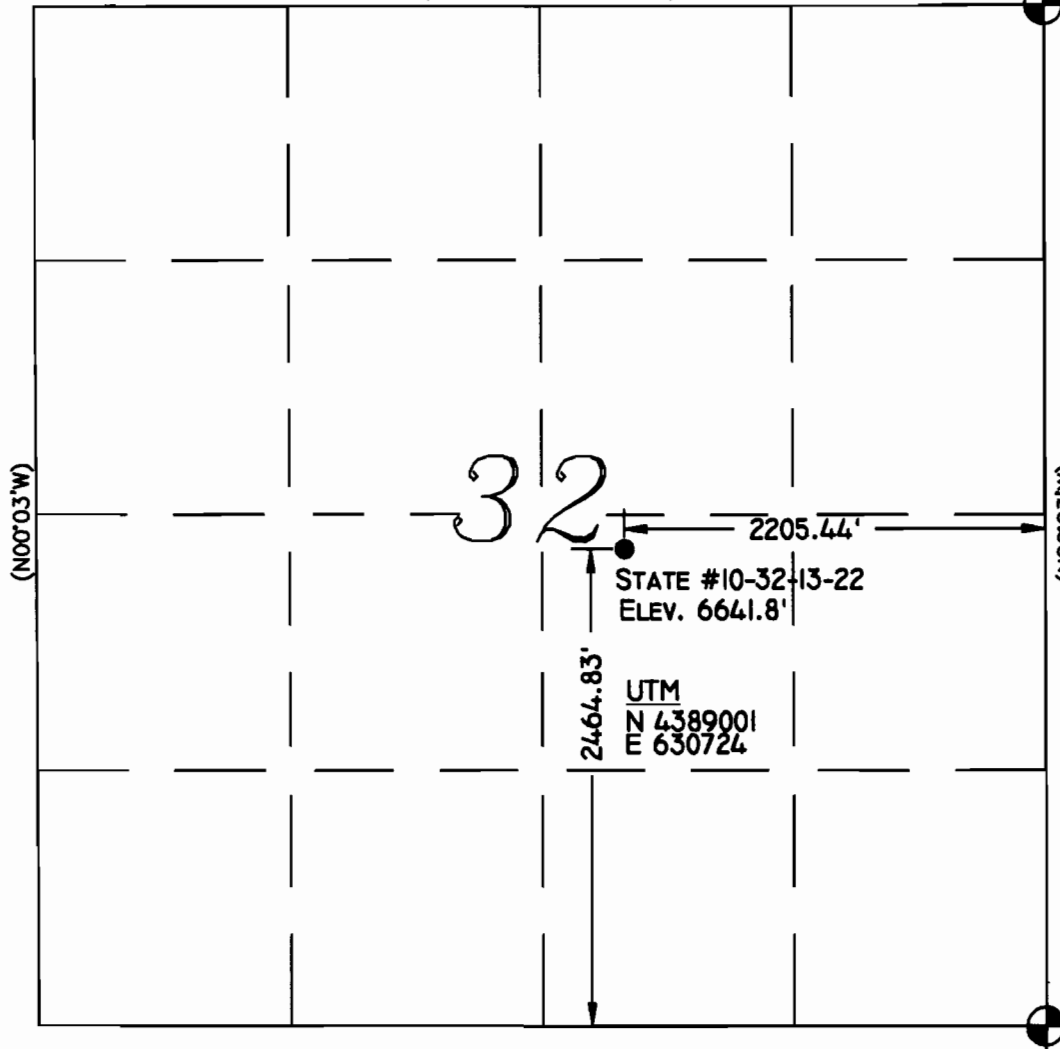
1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

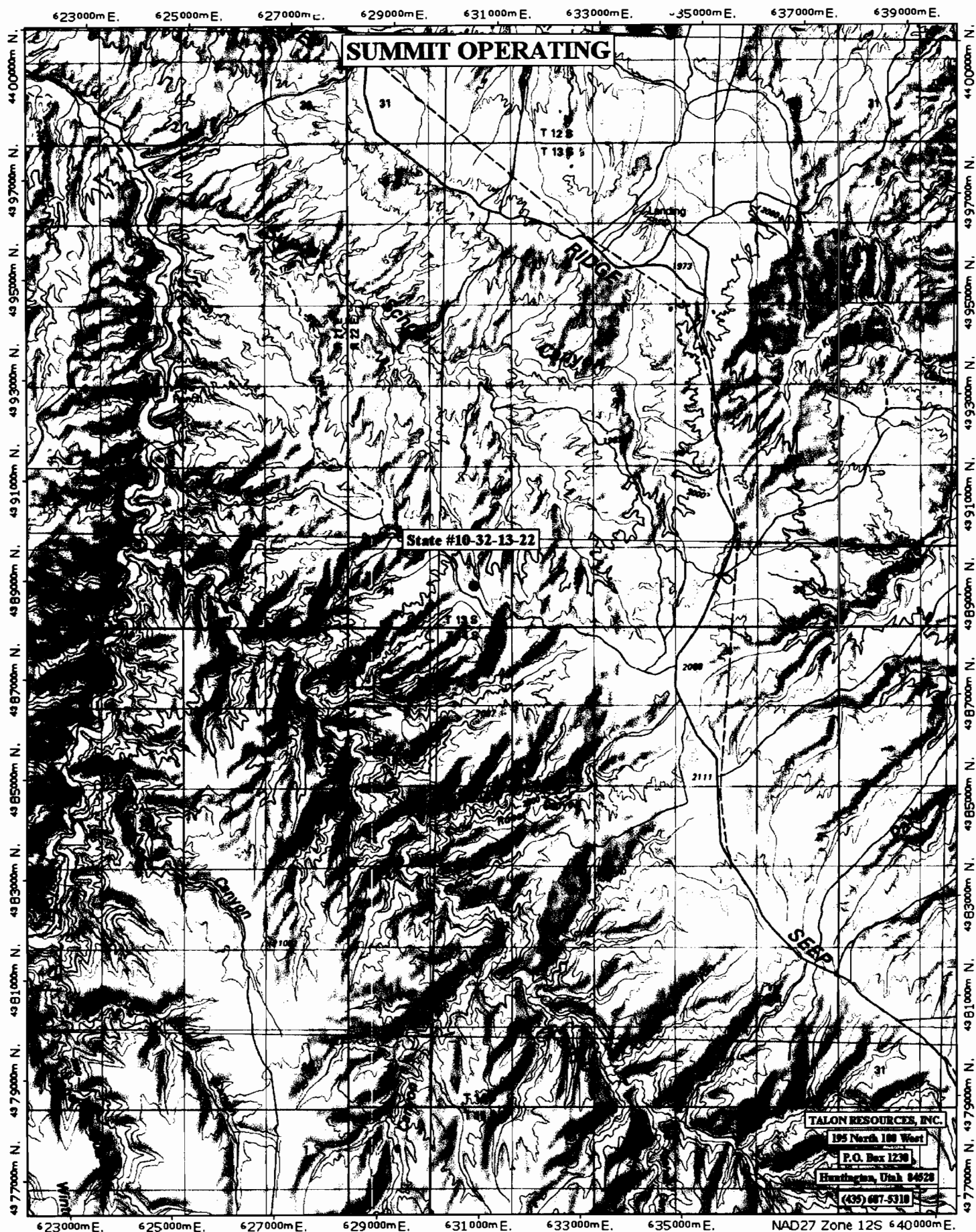
LAT / LONG
39°38'33.711" N
109°28'35.529" W

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

Township 13 South





TN 12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

NAD27 Zone 12S 640000m E.

Casing Schematic

Green River

Surface

9-5/8"
MW 8.4
Frac 19.3

TOC @
0.

✓ w/15% washout

1644 TOC Tail
1804 Wasatch

Surface
2000. MD

BHP

$$(0.52)(9)(11,650) = 5452$$

G_{ao}

$$(0.12)(11,650) = 1398$$

$$\text{MASP} = 4054$$

BOPE - 57,000 ✓

Surf Csg - 3520

$$70\% = 2464$$

Max pressure @ Surf Csg shoe = 3329

✓ Test to 2464 # (proposed 1500)
(±1600psi: surf. press.)

✓ Adequate DCD 3/14/06

5-1/2"
MW 9.

TOC @
3616.

3624 Mesaverde

4103 Bmsal

5844 Mancos

✓ w/15% washout

9275 TOC Tail

9576 Dakota

Production
11650. MD

Well name:

03-06 Summit State 10-32-13-22

Operator: **Summit Operating**String type: **Surface**

Project ID:

43-047-37713

Location: **Uintah County, Utah****Design parameters:****Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 103 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 1,500 ft

Cement top: 0 ft

Burst

Max anticipated surface pressure:

1,760 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 2,000 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Re subsequent strings:

Next setting depth: 11,650 ft

Next mud weight: 9.000 ppg

Next setting BHP: 5,447 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 2,000 ft

Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	142.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	2000	3520	1.76	63	453	7.19 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & MiningPhone: (810) 538-5280
FAX: (801) 359-3940Date: March 14, 2006
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:
 Operator: **Summit Operating**
 String type: Production
 Location: Uintah County, Utah

03-06 Summit State 10-32-13-22

Project ID:
 43-047-37713

Design parameters:

Collapse

Mud weight: 9.000 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 238 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 3,616 ft

Burst

Max anticipated surface pressure: 4,049 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 5,447 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 10,060 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11650	5.5	17.00	N-80	LT&C	11650	11650	4.767	401.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5447	6290	1.155	5447	7740	1.42	171	348	2.03 J

Prepared by: Clinton Dworshak
 Utah Div. of Oil & Mining

Phone: (810) 538-5280
 FAX: (801) 359-3940

Date: March 14, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 11650 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 20, 2006

Summit Operating, LLC
2064 Prospector Ave, Suite 102
Park City, UT 84060

Re: State 10-32-13-22 Well, 2465' FSL, 2205' FEL, NW SE, Sec. 32, T. 13 South,
R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37713.

Sincerely,

For

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Summit Operating, LLC
Well Name & Number State 10-32-13-22
API Number: 43-047-37713
Lease: ML-47794

Location: NW SE Sec. 32 T. 13 South R. 22 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
7. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

FORM 3

APPLICATION FOR PERMIT TO DRILL

24.

25.

CONFIDENTIAL

Range 22 East

(S89°59'W - 5281.32')

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

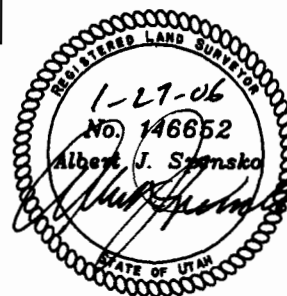
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NW1/4 SE1/4 of Section 32, T13S, R22E, S.L.B.&M., being 2464.83' North and 2205.44' West from the Southeast Corner of Section 32, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'33.711" N
109°28'35.529" W

Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84328
Phone (435) 667-5310 Fax (435) 667-5311
E-Mail talonnetv.net

SUMMIT OPERATING

State #10-32-13-22
Section 32, T13S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 1/26/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2083

From: Ed Bonner
To: Whitney, Diana
Date: 7/19/2006 2:30:06 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

ConocoPhillips Company

Utah 1-1129
Utah 1-1130
Utah 1-1131
Utah 1-1132
Utah 2-1136
Utah 12-1160
Utah 12-1163
Utah 30-1088 (revised Location)
Utah 17-1176 (revised location)
Utah 17-1177

EOG Resources, Inc

CWU 955-32
CWU 954-32
CWU 1031-32
NBU 456-2E
Petes Wash Unit 9-36

Summit Operating, LLC

State 10-32-13-22
State 8-36-13-22
State 2-36-13-22

XTO Energy, Inc

State of Utah 18-7-2-33R
State of Utah 17-7-36-21
State of Utah 17-7-36-33R

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2008

Summit Operating, LLC
2064 Prospector Ave. # 102
Park City, UT 84060

Re: APD Rescinded – State 10-32-13-22, Sec. 32 T. 13S, R. 22E
Uintah County, Utah API No. 43-047-37713

Gentlemen:

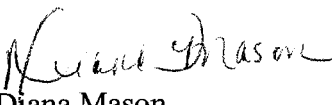
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 20, 2006. On July 11, 2007, the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner